



Richard M Stephenson  
22/12/2009 13:48

To: Michele Graves/e/POSTOFFICE [GRO]  
cc: Ruth H Barker/e/POSTOFFICE [GRO]  
Subject: Re: J Smith letter - redraft for approval [GRO]

Thanks Michele. I am happy with this and am trying to get Mary's sign off. I would prefer the xx millions of transactions per day and up to 750 per second at peak times figures to both be used if possible.

Ruth - can you have a quick look please?

We don't refer to the specific cases Ms Smith mentions but I think this is ok as we can't get into the specifics of individual cases.

I imagine she will write again.

The 11000 figure does not seem right - there cant be that many independents in a network of 12000?

Or am I missing something?

Thanks, R

Michele Graves



Michele Graves  
22/12/2009 13:14

To: Richard M Stephenson/e/POSTOFFICE [GRO]  
cc: Ruth H Barker/e/POSTOFFICE [GRO]  
Subject: Re: J Smith letter - redraft for approval [GRO]

Hi Richard

Me again - sorry.

Are you in a position to let me have your final feedback - Alan would like the reply to go out before Christmas and it is the last day in the office for both Alan and I tomorrow.

Regards

Michele Graves  
*Executive Correspondence Manager*  
*Executive Correspondence Team*  
Post Office Limited



1st Floor, Bunhill Row Wing, 148 Old Street, LONDON, EC1V 9HQ

phone number [GRO] Postline: [GRO]

mobile number [GRO]

michele.graves [GRO]

fax [GRO]



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Hi Richard

Many thanks - yes I was aware of the reply to Michael Rudkin as I pretty much wrote most of it but just

1.1



Michele Graves  
21/12/2009 13:50

To: Richard M Stephenson/e/POSTOFFICE GRO  
cc: Ruth H Barker/e/POSTOFFICE GRO  
Subject: Re: J Smith letter - redraft for approval

Hi Richard

Many thanks - yes I was aware of the reply to Michael Rudkin as I pretty much wrote most of it but just wasn't sure if it was suitable to use here.

I have made the suggested amends and added some comments in blue, to answer your own in red.

Re your amends on my first draft, page 2, the replacement para starting 'All new software' was already included in para 2 of the first page, so have removed and left at the start - I think it reads ok but fresh eyes and all that.

Many thanks again for all of your help - I know how busy you are.

If you could let me have final approval, I will pass to Alan for sign off.

Kindest regards,



ECT 377-09 Smith Jacqui MP v2.doc

Michele Graves  
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Executive Correspondence Team  
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Richard M Stephenson



Richard M Stephenson  
21/12/2009 13:04

To: Michele Graves/e/POSTOFFICE GRO  
cc: Ruth H Barker/e/POSTOFFICE GRO  
Subject: J Smith letter

Michele - see attached. I am heading off to a meeting now but Ruth is around to chat. We have made some comments throughout the letter in caps. I have also sent you an email sent by Alan recently which has some useful lines. We have used one of them to replace a para in the letter. We need to be careful about paragraphs talking too much about the system failing so we have changed this. Have



a look and see what you think. I do need to speak to Mary about this (I have already but need to review final letter with her) so can you revise this letter and send back to me? I am sure Mary will be



happy but we do need to double check with her. Thanks, R J Smith MP211209RS.doc

Richard Stephenson  
Director of Commercial Public Relations  
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www.royalmailgroup.com



T  
E alan.cook  
GRO  
GRO

Rt Hon Jacqui Smith MP  
House of Commons  
LONDON  
SW1A 0AA

Your Ref: 01090013  
Our Ref: ECT 377/09

21 December 2009

Dear Ms Smith

Thank you for your letter of 1 December in relation to one of your constituents, Mr Julian Wilson and your concerns around the Horizon computer system. May I first apologise for the delay in reply.

Horizon is a computerised accounting system which operates in around 12,000 Post Office<sup>®</sup> branches, [IS THERE A MILLIONS PER DAY FIGURE WE CAN USE HERE?] processing over 750 transactions per second at peak times. RICHARD THIS FIGURE IS CONFIRMED AS CORRECT. I HAVE ASKED AGAIN FOR A DAILY TRANSAX FIGURE BUT MAY NOT GET IN TIME TO INCLUDE - IF SO ARE WE HAPPY TO GO WITH PER SECOND TIMES? All new software releases on Horizon are subject to rigorous testing prior to going live in order to ensure the accuracy of the accounting processes. Our ongoing monitoring and control processes mean that any issues in a 'live' operation are quickly identified and resolved, and ensure that should part of the system or equipment fail, the integrity of the accounting records is always maintained.

Over the years the system has been tested both in and out of criminal and civil court and has not been found wanting. Whilst I recognise that some subpostmasters have found this difficult to accept, there is no evidence to doubt the integrity of the Horizon system and we retain absolute confidence in its' robustness and reliability.

Moving forward, as with any business we constantly look to how we can operate more cost effectively but at the same time update and improve our systems and processes. We are currently in the process of implementing a new version of Horizon, called Horizon Online™. The preparation for the roll out of new counter software is at an advanced stage and completion is expected to be by the end of April 2010. The new system has been designed with extensive input from subpostmasters and other users and will increase efficiencies and enhance the role of the subpostmaster.





Page 2 of 2

In 2010/11 alone, the new system will also save Post Office Limited £56m due to a newly negotiated contract.

The relationship between Post Office Limited and the 11,000 [IS THIS FIGURE CORRECT?] RICHARD: THIS WAS USED LAST WEEK BY THE WELSH EXT RELS TEAM SO I HAVE TAKEN AS CORRECT, I HAVE ASKED WHERE THEY GOT IT FROM BUT THEY CANNOT GET BACK UNTIL TOMORROW or so independent business people who operate a Post Office<sup>®</sup> service is of paramount importance to us and I fully agree that it is vital that our subpostmasters and mistresses are provided the highest level of support. I believe that the systems we have in place deliver this.

I trust the above information has allayed your concerns but should you have any further questions please do let me know.

Yours sincerely

Alan Cook  
Managing Director

11  
/

Richard M Stephenson

21/12/2009 13:04

To: Michele Graves/e/POSTOFFICE  
cc: Ruth H Barker/e/POSTOFFICE  
Subject: J Smith letter

GRO  
GRO

Michele - see attached. I am heading off to a meeting now but Ruth is around to chat. We have made some comments throughout the letter in caps. I have also sent you an email sent by Alan recently which has some useful lines. We have used one of them to replace a para in the letter. We need to be careful about paragraphs talking too much about the system failing so we have changed this. Have a look and see what you think. I do need to speak to Mary about this (I have already but need to review final letter with her) so can you revise this letter and send back to me? I am sure Mary will be



happy but we do need to double check with her. Thanks, R J Smith MP211209RS.doc

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T. GRO  
E alan.cook GRO

Rt Hon Jacqui Smith MP  
House of Commons  
LONDON  
SW1A 0AA

Your Ref: 01090013  
Our Ref: ECT 377/09

17 December 2009

Dear Ms Smith

Thank you for your letter of 1 December in relation to one of your constituents, Mr Julian Wilson and your concerns around the Horizon computer system. May I first apologise for the delay in reply.

Horizon is a computerised accounting system which operates in around 12,000 Post Office<sup>®</sup> branches, [IS THERE A MILLIONS PER DAY FIGURE WE CAN USE HERE?]processing over 750 transactions per second at peak times. All new software releases are subject to rigorous testing before they go live in order to assure the accuracy of the accounting processes. The system and the processes around it offer an extremely high level of security and resilience WITH SIGNIFICANT FAILSAFE PROCEDURES TO ENSURE [REMOVE : and are designed to ensure that should part of the system or equipment fail, which all systems do from time to time,] the integrity of the accounting records are ALWAYS maintained.

Over the years the system has been tested both in and out of criminal and civil court and has not been found wanting. Whilst I recognise that some subpostmasters have found this difficult to accept, there is no evidence to doubt the integrity of the Horizon system and we retain absolute confidence in its' robustness and reliability.

Moving forward, as with any business we constantly look to how we can operate more cost effectively but at the same time update and improve our systems and processes. We are currently in the process of implementing a new version of Horizon, called Horizon Online™. The preparation for the roll out of new counter software is at an advanced stage and completion is expected to be by the end of April, [REMOVE aside from a few offices that may be temporarily closed, for example for refurbishment work. The main benefit of the new system is a significant reduction in running costs compared to the old system under the previous contract with the supplier]. THE NEW

SYSTEM WILL INCREASE EFFICIENCIES AND ENHANCE THE ROLE OF THE SUBPOSTMASTER. In 2010/11 ALONE, THE NEW SYSTEM WILL ALSO SAVE POST



OFFICE LTD [this saving will be] £56m DUE TO A NEWLY NEGOTIATED CONTRACT.  
The new system will also make it easier for users and has been designed with extensive input from subpostmasters and other users.

[REMOVE PARAGRAPH As with the current system, the design ensures that accounting integrity is ALWAYS maintained EVEN when A system failure occurs. Significant amounts of testing effort are devoted to proving that not only does the system fail in a way that enables integrity to be maintained but also to ensure that the system alerts those responsible for its maintenance when a failure occurs.]

REPLACE WITH : All new software releases on Horizon are subject to rigorous testing prior to going live in order to ensure the accuracy of the accounting processes. Our ongoing monitoring and control processes mean that any issues in a 'live' operation are quickly identified and resolved, and ensure that should part of the system or equipment fail, the integrity of the accounting records is maintained.

The relationship between Post Office Limited and the 11,000 [IS THIS FIGURE CORRECT?] or so independent business people who operate a Post Office<sup>®</sup> service is of paramount importance to us and I fully agree that it is vital that our subpostmasters and mistresses are provided the highest level of support. I believe that the systems we have in place deliver this.

I trust the above information has allayed your concerns but should you have any further questions, then please do let me know.

Yours sincerely

Alan Cook  
Managing Director







Richard M Stephenson  
21/12/2009 12:58

To: Michele Graves/e/POSTOFFICE GRO  
cc: Ruth H Barker/e/POSTOFFICE GRO  
Subject: Fw: Michael Rudkin email - new draft for approval

Michele - see below for background info - and sending letter in another email now

— Forwarded by Ruth H Barker/e/POSTOFFICE on 17/12/2009 18:14 —

Alan Cook  
06/11/2009 12:31

To: Hayley Fowell/e/POSTOFFICE GRO  
cc: Michele Graves/e/POSTOFFICE GRO Paula  
Vennells/e/POSTOFFICE GRO Richard M  
Stephenson/e/POSTOFFICE GRO , Ruth H  
Barker/e/POSTOFFICE GRO Tracy Abberstein"  
GRO  
Subject: Re: Michael Rudkin email - new draft for approval

This is good - thank you

Tracy as I am on blackberry can you send from my email cabinet please

Thanks

Alan

\*\*\*\*\*

Alan Cook  
Managing Director  
Post Office Ltd  
Tel ( GRO  
Mob

Alan.cook GRO

\*\*\*\*\*

Message sent via blackberry  
Hayley Fowell

— Original Message —

From: Hayley Fowell  
Sent: 06/11/2009 11:58 GMT  
To: Alan Cook  
Cc: Michele Graves; Paula Vennells; Richard Stephenson; Ruth Barker  
Subject: Michael Rudkin email - new draft for approval

Hi Alan,

Thank you for your feedback. We have redrafted the email to ensure a more supportive tone and have included further detail to support our stance. Please do let me know if this is acceptable and if so, how you would like to send.

I apologise for the delay in getting this to you and very much appreciate your help with turning this around quickly as I know you are very busy.

Regards,  
hayley

DRAFT RESPONSE TO MICHAEL RUDKIN - VERSION 2

michaelrudkin GRO

Dear Michael



Thank you for your email of 15 October and for bringing to my attention the article in Convenience Store magazine and the meeting being held on Sunday 8 November in Fenny Compton. My apologies for the delay in reply.

We are aware of the recent interest being taken in the robustness of the Horizon system by some external parties. I am not sure exactly why this is as the system has been in place for around ten years, successfully recording millions of transactions each day, and has proved time and time again to be robust and fit for purpose.

Where concerns have been raised about Horizon or the computer equipment, they have been taken extremely seriously and have been thoroughly investigated. I recognise that some people may find it difficult to accept but no evidence has been found pointing to any fault with the system or technology.

All new software releases on Horizon are subject to rigorous testing prior to going live in order to ensure the accuracy of the accounting processes. Our ongoing monitoring and control processes mean that any issues in a 'live' operation are quickly identified and resolved, and ensure that should part of the system or equipment fail, the integrity of the accounting records is maintained

In summary, we remain fully satisfied that the system and the processes around it offer a very high level of security and resilience. We are completely confident that the system is capable of handling the financial services transactions undertaken at our branches, and that it will continue to support any new services that we plan to introduce in the future.

Thank you for your support on this issue - it is much appreciated. I do hope that you feel you can now speak to your NFSP Branch and Region with confidence at Sunday's meeting.

Kind regards

Alan

Alan Cook

Alan Cook  
06/11/2009 07:25

To: Paula Vennells/e/POSTOFFICE GRO, Ruth H  
Barker/e/POSTOFFICE GRO  
cc: Hayley Fowell/e/POSTOFFICE GRO, Michele  
Graves/e/POSTOFFICE GRO "Richard Stephenson"  
GRO  
Subject: Re: Contracts

Hayley/Michele

Now I see this it all comes back to me. we definitely owe him a fuller response than currently drafted. He is offering to help diffuse a tricky issue. We need to give him more if he is going to stand up and defend us

Also we cannot apologise for the delay due to me holiday - that was 2 weeks ago!  
We seem to have left this until the last minute but clearly we now need to get this one done today  
Alan

\*\*\*\*\*

Alan Cook  
Managing Director  
Post Office Ltd  
Tel. GRO  
Mob. GRO

Alan.cook GRO



\*\*\*\*\*

Message sent via blackberry  
Paula Vennells

----- Original Message -----

From: Paula Vennells  
Sent: 06/11/2009 06:27 GMT  
To: Ruth Barker  
Cc: Hayley Fowell; Michele Graves; Alan Cook  
Subject: Re: Contracts

Ruth, the attachment needs to be in email format pls - Alan and I are out of the office and so need to view it on Blackberrys.

Also, we need the original email; what was attached looked more like a powerpoint of a press cutting.

Thx Paula  
Ruth H Barker

----- Original Message -----

From: Ruth H Barker  
Sent: 05/11/2009 17:52 GMT  
To: Paula Vennells  
Cc: Hayley Fowell  
Subject: Fw: Contracts

Hi Paula

Hayley's asked me to forward you the original email from Michael Rudkin

Any questions please do not hesitate Hayley or myself.

Ruth

----- Forwarded by Mary Fagan/e/POSTOFFICE on 16/10/2009 15:41 -----

Alan Cook  
15/10/2009 15:25

To: Mary Fagan/e/POSTOFFICE (GRO)  
cc: ET, David X Smith/e/POSTOFFICE (GRO), Mark  
Burley/e/POSTOFFICE (GRO)  
Subject: Fw: Contracts

Mary

I know you are busy right now but in Richards absence can you get someone to see what we can about this developing situation outlined below?

For some strange reason there is a steadily building nervousness about the accuracy of the Horizon system and the press are on it as well now

It is the more strange in that the system has been stable and reliable for many years now and there is absolutely no logical reason why these fears should now develop

My instincts tell that, in a recession, subbies with their hand in the till choose to blame the technology when they are found to be short of cash

Bizarrely the author of the email below was a very senior postmaster in the Fed who I know well but who's wife was found to be defrauding us and we have prosecuted



We should therefore be careful of approaching him for further info without talking to Paula first

Not sure what we can do but I do see this as an escalating and serious challenge - particularly as a new version of Horizon is due to go live in February!!

Thanks

Alan

Alan Cook  
Managing Director  
Post Office Ltd

Tel: GRO Postline: GRO  
Mobile: GRO Mobex: GRO  
e-mail: alan.cook@GRO

— Forwarded by Alan Cook/e/POSTOFFICE on 15/10/2009 15:16 —



"Michael Rudkin"

GRO

15/10/2009 13:57

To: "Alan Cook" <

GRO

cc:

Subject: Contracts

Dear Alan

See attachment!!!

I presume you have already seen the article in the convenience store magazine.  
My question to the business is;

Is this article likely to have any impact on the contracts we already have with our existing banking partners. Will our prospects of becoming a Post Bank be delayed if our clients start to question Horizons abilities and is it fit for purpose for the foreseeable future?

The reason for my question is, a Horizon pressure group has formed and they are to meet on Sunday 8<sup>th</sup> November 09 at Fenny Compton Hall in the Midlands and I wish to keep a balanced view and present this to my NFSP Branch and Region before anyone attends this meeting. This should also minimize adverse publicity to our industry which is already receiving enough bad press at the moment. Currently the BBC, Panorama and Watch Dog researches are digging the dirt here in Leicestershire.

I hope my request is not an imposition on your time or deemed as impertinent.

Kind Regards  
Michael Rudkin

Ibstock Post Office & Newsagents  
118/120 High Street  
Leicester LE67 6LJ

Tel: GRO  
Mob: GRO  
michaelrudkin@GRO

[attachment "convenience store Hindocha.ppt" deleted by Paula Vennells/e/POSTOFFICE]